

Royal Borough of Kingston Pension Fund

**Pension Panel Governing
Document**

(Approved by the Pension Panel - 22 June 2022)

Kingston Pension Fund - Pension Fund Panel Constitution

Constitution of the Pension Fund Panel of the Royal Borough of Kingston Pension Scheme. Established in accordance with Section 5 of the Public Service Pensions Act 2013 and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).

Definitions

The following terms have the meanings as outlined below. Other terms used in this document shall have the same meaning as given to them in the Constitution of the Royal Borough of Kingston dated 01 April 2022 (as amended from time to time). The singular shall include the plural:

'the Administering Authority' means the Royal Borough of Kingston

'the Act' means The Public Service Pensions Act 2013.

'CIPFA' means the Chartered Institute of Public Finance and Accountancy

'the Code' means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.

'the Pension Fund Panel' or **'Panel'** means the Panel who has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.

'the Fund' means the Fund managed and administered by the Administering Authority.

'the Guidance' means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.

'LCIV' means the London Collective Investment Vehicle.

'LGPS' means The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

'DLUHC' means Department for Levelling Up, Housing and Communities.

'Pensions Board' or **'Board'** means the Pensions Board for the administering authority for the Royal Borough of Kingston Pension Fund as required under the Public Service Pensions Act 2013.

'the Regulations' means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time).

'Relevant legislation' means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority and the Panel notwithstanding that the Codes of Practice are not legislation.

'SAB' means the local government pension Scheme Advisory Board for England and Wales, set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113.

'the Scheme' means the Local Government Pension Scheme in England and Wales, as defined under 'LGPS'.

'Scheme Manager' means Royal Borough of Kingston as Administering Authority of the Kingston Pension Fund.

Introduction

This document sets out the terms of reference of the Local Government Pension Scheme Pension Fund Panel of the Kingston Pension Fund of the Administering Authority, a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Fund Panel is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).

The Panel is established by the Administering Authority and operates independently of the Pensions Board. Relevant information about the Panel's creation and operation are contained in this constitution.

Except where approval has been granted under regulation 106(2) of the Regulations the Panel shall be constituted separately from any Panel or sub-Panel constituted under Section 101 of the Local Government Act 1972 with delegated authority to execute the function of the Administering Authority.

Terms of Reference

Subject to the Administering Authority's Scheme of Delegation to officers, to discharge the Administering Authority's functions in relation to the Royal Borough of Kingston's Local Government Pension Scheme

The Panel can delegate its day to day operational and tactical functions to officers and advisors between Panel meetings with clearance from the Chair (In particular those arrangements with regards to the LCIV).

The Panel is responsible for ensuring that the Fund is properly operated in accordance with all relevant regulations and best practice as advised by the Pensions Regulator, the LGPS, SAB, DLUHC and CIPFA, including both financial and administration matters. This will include, but is not limited to:

- a. benefits administration;
- b. resolving Internal Disputes;
- c. communications with members;
- d. communication and engagement with employers;
- e. monitoring Risks;

- f. record keeping;
- g. publishing of Scheme information as required;
- h. to review the draft annual statement of accounts for the Pensions Fund. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Panel. To formally approve the audited Pension Fund Annual Report; and,
- i. approving the Administering Authority's Pension Fund Annual Report and Financial Statements produced by the Executive Director - Corporate and Communities in accordance with the duty to make arrangements for the proper administration of the financial affairs of the Administering Authority's Pension Fund.
- j. participating in the London Collective Investment Vehicle in accordance with the requirements placed on administering authorities in relation to the pooling of LGPS assets made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- k. carrying out the duties set out in the Regulations, in relation to the actuarial valuations of the Fund and in relation to any other decisions about the amount the employers need to pay.
- l. The Panel will assess the covenant of Scheme employers, ensure that employer contributions are set accordingly and other relevant regulations are adhered to.

Duties of the Panel

Members of the Panel are required to:

- a. always act within its Terms of Reference;
- b. abide by the Kingston Council Member Code of Conduct; and,
- c. comply with the Seven Principles of Public Life. The Seven Principles of Public Life are:
 - i. selflessness;
 - ii. integrity;
 - iii. objectivity;
 - iv. accountability;
 - v. openness;
 - vi. honesty; and
 - vii. leadership.

Core Functions

The first core function of the Panel is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and

administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. To assist the Panel in performing this function it will conduct a wide range of tasks including, but not restricted to:

- a. produce regular compliance monitoring reports;
- b. review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code;
- c. approve the Scheme member and employer communications as required by the Regulations and relevant legislation;
- d. approve the application of the Internal Dispute Resolution Procedure;
- e. monitor the complete and proper exercise of Pensions Ombudsman cases;
- f. review the implementation of revised policies and procedures following changes to the Scheme;
- g. review the arrangements for the training of Panel members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme;
- h. review the outcome of audit reports;
- i. review the compliance of particular cases, projects or process on request of the Panel; and
- j. Effective scrutiny of the Funds investments
- k. any other area within the statement of purpose (i.e. assisting the Administering Authority) the Panel deems appropriate.

The second core function of the Panel is to ensure the effective and efficient governance and administration of the Scheme, by doing so the Panel will assist the Board in meeting its responsibilities. Within the extent of this core function the Panel shall be instructed by the Board in determining the areas to be considered including but not restricted to:

- a. review the development of improved customer services;
- b. monitor performance of administration, governance and investments against key performance targets and indicators;
- c. monitor audit reports;
- d. review the risk register as it relates to the Scheme Manager function of the authority;
- e. checking Fund governance;
- f. reviewing Fund risks and internal systems and control;
- g. checking Fund external advisors/service providers and their internal controls;

- h. monitor Fund member record keeping processes for quality, accuracy and content;
- i. checking Fund contributions;
- j. review the development of improved management, administration and governance structures and policies;
- k. review the outcome of actuarial reporting and valuations;
- l. review the development and monitoring of process improvements on request of the Board; and,
- m. any other area within the statement of purpose (i.e. ensuring effective and efficient governance of the Scheme) the Panel deems appropriate.

In support of its core functions the Panel may make:

- a request for information to the Board or Administering Authority with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing; and
- recommendations to the Board which should be considered and a response made to the Panel on the outcome within a reasonable period of time.

Appointment of a Chair and Vice-Chair

A Chair and vice-chair of the Panel will be appointed by the Administration for a period of four years. If for any reason the Chair and Vice Chair are unable to attend, then the usual Council procedure for appointing a Chair will follow.

Both posts will be filled by councillors appointed by The Royal Borough of Kingston.

A member serving on the Pension Fund Panel cannot serve on the Pensions Board.

Duties of Chair

The Chair of the Panel:

- a. shall ensure the Panel delivers its purpose as set out in these Terms of Reference;
- b. shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered;
- c. shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published; and,
- d. shall agree with the Democratic Services Officer acting as Clerk to the Panel, an agenda prior to each Panel meeting.

Membership

In accordance with those recommendations made by the CIPFA and the Myners Report, and notwithstanding resignations etc., the Panel will comprise the following voting members:

- Five elected members as employer representatives (plus two substitutes).
- Representatives from the following groups will be co-opted onto the Panel:
 - one scheme member representative from membership of Fund in the form of an active, deferred or pensioner scheme member participating in the Royal Borough of Kingston Pension Fund;
 - one employer representative from an active participating employer in the Pension Fund.
 - Where more than one representative from either the scheme member or employers are nominated, an interview process will be undertaken by the S151 to select a candidate.

Tenure

In accordance with those recommendations made by the CIPFA and the Myners Report, and notwithstanding resignations etc., members of the Panel will serve for a period, to coincide with the administration's term of office, of a maximum of four years and may be appointed for further terms.

Quorum

The quorum of the Panel is three members, including at least two voting members (as is required by the Administering Authority Procedure Rule (Standing Order) in relation to Panels and sub-Panels).

Voting

Subject to Council approval, all members of the Panel may have voting rights.

Frequency of meetings and notice and record requirements

Meetings will be held quarterly, and will be open to the press and public.

Notice of the meeting will be sent to all members of the Administering Authority.

Members sit as Borough-wide representatives, and where necessary, declare any ward interest.

In the absence of the Chair, the Vice-chair will chair the meeting or the meeting shall be chaired by another councillor elected by the meeting.

At the Chair's discretion, speaking rights can be granted to members of the public (maximum of three minutes).

The Panel will be serviced by Democratic Services. The agenda shall be published at least 5 working days prior to the meeting and shall be available for public inspection in accordance with the requirements of the Access to Information Procedure Rules.

The Panel is responsible for ensuring that the Fund is properly operated in accordance with all relevant legislation and best practice as advised by the Pensions Regulator, as outlined under the 'Terms of Reference' a – I above.

The Panel will consider any reports produced by the Chief Finance Officer in accordance with the duty to make arrangements for the proper administration of the financial affairs of the Fund.

The following Administering Authority Procedure Rules (Standing Orders) will apply:

- Ordinary meetings;
- Extraordinary meetings;
- Appointment of substitute members;
- Date, Time and place of meetings;
- Notice of and summons to meetings;
- Chair of meeting;
- Quorum;
- Duration of meeting: as per the invite and extended if needed with permission of the Chair.
- Motions without notice;
- Rules of debate;
- Voting;
- Minutes;
- Record of attendance;
- Exclusion of public and press;
- Members' conduct; and,
- Disturbance by public.

Remuneration of Members

Remuneration for Panel members will be limited to a refund of actual expenses incurred in attending Panel meetings. All Members shall be entitled to any allowance provided for in the Kingston Administering Authority Members Allowances Scheme in respect of the role.

Allowances/Expenses

Allowances and expenses of Panel members will be in accordance with the Administering Authority's existing policy.

Standards of Conduct

The Code of Conduct for Members and Co-optees in Kingston Administering Authority's Constitution shall apply in relation to the standards of conduct of the Pension Fund Panel and Pensions Board members as if they are Co-opted Members of Kingston Administering Authority's insofar as it can be reasonably considered to apply to the role of members of the

Pension Fund Panel and Pensions Board and unless excluded elsewhere within the Terms of Reference.

As part of the good governance of the Scheme, the Panel will work with, receive and consider reports from the Board. The Board is not a decision-making body and it will be for the Panel to ensure that the appropriate actions are undertaken as required.

The Panel will ensure that the Fund works with the relevant employers as required and that a discretions policy is properly maintained and administered.

Conflicts of Interest

Though members of the Pension Fund Panel and Pensions Board include representatives of specific categories of stakeholder (i.e. Scheme members and employers) each member is required to have due regard to the role of the Pension Fund Panel and Pensions Board as outlined in the Terms of Reference. Accordingly all members are expected to work jointly in the best interests of the Fund, putting aside any individual views of any stakeholders. This should not prevent members from sharing their knowledge on how matters might impact specific stakeholders of the Fund.

Each member of the Pension Fund Panel and Pensions Board (as well as any other attendees participating in the meeting) will be expected to declare, on appointment and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of that Pension Fund Panel or Pensions Board.

The Chair of the Pension Fund Panel or Pensions Board must be satisfied that the Panel or Board is acting within:

- the conflicts of interest requirements of the Public Service Pensions Act and the LGPS Regulations, and
- in the spirit of any national guidance or code of practice in relation to conflicts of interest at the Pension Fund Panel or Pensions Board, and
- in accordance with any Royal Borough of Kingston Pension Fund Conflicts of Interest Policy or Procedures that apply to the Pension Fund Panel or Pension Board.

Each member of the Pension Fund Panel and Pensions Board, or a person proposed to be appointed to the Panel and Board, (as well as attendees participating in the meeting) must provide the Executive Director - Corporate and Communities with such information as they reasonably requires for the purposes of demonstrating that there is no conflict of interest. The Executive Director - Corporate and Communities will adopt the role of ensuring that the Chair and Vice Chair of the Pension Fund Panel and Pensions Board does not have a conflict of interest. Further they must be satisfied that the Chair is carrying out his or her responsibilities under this part appropriately.

A conflict of interest is defined in the Public Service Pensions Act as: "in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions".

Members of the Panel should ensure that they have no conflict of interest in discharging their role. They must provide any information as required to the Royal Borough of Kingston to ensure that they are satisfied that no such conflict of interest exists. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of

functions as a member of the Panel. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

Anyone with a conflict of interest may not be appointed to the Panel and may be required to resign if they are already a member of the Panel. Councillors who are members of the Pensions Board are excluded from serving on the Panel.

A register of conflict of interests may be kept in addition to the disclosure required and recorded under Part 5A Members Code of Conduct in the Administering Authority Constitution.

Hospitality and gifts

Members of the Pension Fund Panel will abide by the terms of Part 5A – Gifts and Hospitality Protocols for Councillors of the Administering Authorities Constitution, to the extent that it can be applied to the proceedings of the Pension Fund Panel without prejudicing the relationship with an adviser or service provider or the procedures required of the Fund to provide benefits to the members of the Fund.

Knowledge of Members and Training

Members of the Panel are expected to be familiar with the rules of the Kingston Pension Fund and the relevant legislation including (but not limited to):

- a. the Local Government Acts 1972 & 2000 (as amended from time to time);
- b. the Pensions Act 2004 (as amended from time to time);
- c. the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time);
- d. the Public Service Pensions Act 2013 (as amended from time to time);
- e. the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time); and,
- f. the Pensions Regulator Code of Practice No 14 'Governance and administration of public service pension schemes' (as amended from time to time);
- g. the requirements placed on administering authorities in relation to the pooling of LGPS assets made under the powers conferred on the Secretary of State by Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Training will be provided by officers of the Royal Borough of Kingston and may be in conjunction with other external bodies.

To this extent members from time to time would be expected to attend joint training sessions with the Royal Borough of Kingston Pension Fund as part of the shared service arrangements.

Termination of Panel Membership

Each Panel member should endeavour to attend all Panel meetings during the year and is required to attend at least two meetings each year. In the event of consistent non-attendance

by any Panel member, then the membership of that Panel member should be reviewed by the other Panel members with advice from officers.

Other than by ceasing to be eligible as set out above, a Panel member may only be removed from office during a term of appointment by the unanimous agreement of all the other Panel members present at the meeting.

A Panel member may choose not to continue in their role, and so shall notify the Panel accordingly following which the process for a replacement shall start.

Kingston Pensions Board

The Panel will work closely with the Board to ensure the Scheme is administered efficiently and effectively and will share with the Board reports and documents to enable the Board to achieve its remit. The Panel will receive reports from each Board meeting and as the Board deems necessary. In turn the Panel will consider any reports the Board may produce in the course of their duties and respond accordingly within a reasonable period of time.

In support of this working relationship any member of the Panel may attend Board meetings and Board members may attend Panel meetings.

Undertaking

Panel members will be required to sign a written undertaking that they understand the requirements of the role and commit to those requirements. This will include without limitation:

- disclosing all dual interests and responsibilities which have the potential to become conflicts of interest and providing the Scheme Manager with such information as and when the Scheme Manager requires to ensure that any member of the Pension Fund Panel or person to be appointed to the Pension Fund Panel does not have a conflict of interest;
- committing to attend meetings as required;
- committing to undertake and attend the necessary knowledge and understanding training;
- undertaking to abide by the Panel's terms of reference and wider constitutional documents;
- complying with the Administering Authority's code of conduct;
- complying with the Administering Authority's obligations and policies on data protection, information security and acceptable use;
- agreeing that they have read and understood a knowledge and policy document including a list of the core documents recording policy about the administration of the fund as set out by the Executive Director of Corporate and Communities (S151 Officer) on behalf of the Scheme Manager.

Role of Officers

The Panel will receive support from officers of Democratic Services, who will facilitate the meetings. The Panel will be provided with specific pension fund information as necessary by officers involved in managing the Fund.

Administration, Papers, Communication and Obtaining Information

The arrangements for Panel meetings will follow the standard procedures of meetings of Royal Borough of Kingston that are already in place.

Advisers and other services to the Panel

Members of the Pensions Board or Pension Fund Panel involved in the tendering process and dealing with contractors should be clear on the separation of client and contractor roles under the Fund. Members of the Pensions Board and Pension Fund Panel who have both a client and contractor responsibility must be aware of the need for accountability and openness. Members of the Pensions Board or Pension Fund Panel who have an interest as a contractor or client must exercise fairness and impartiality when dealing with all customers, suppliers and other contractors and sub-contractors. Confidential information on tenders or costs for internal or external contractors should not be disclosed to any unauthorised party or organisation.

The Pension Fund Panel will follow the outline of the process detailed in the Administering Authority's Procurement Guide (where the required service is available on the open market) acknowledging at all times that the Pension Fund Panel and Pensions Board have a duty to achieve best value in making such appointments and following The Panel will primarily be supported in its role and responsibilities by officers of the Administering Authority. Subject to any applicable regulation and legislation from time to time in force and to their use and any fees being agreed by the Executive Director of Corporate and Communities (S151 Officer) on behalf of the Scheme Manager in advance, the Panel may consult with other advisors to help it better perform its duties including:

- the Fund's Actuary;
- the Fund's Administrator;
- the Fund's Investment Adviser(s);
- the Scheme Manager
- other advisers, as approved by the Scheme Manager.

Subject to the Administering Authority's Scheme of Delegation to officers, to discharge the Administering Authority's functions in relation to the Royal Borough of Kingston's Local Government Pension Scheme including, the management of the Fund investments, this includes but is not limited to:

- Executive Director of Corporate and Communities S151 Officer:
 - investment strategy;
 - funding management;
 - financial management;
- Deputy S151:
 - governance arrangements;
 - accounting and audit;
 - investment strategy;
 - financial management;
- Head of Pensions Investments:
 - budgeting;
 - expenditure;
 - funding strategy;
 - accounts preparation;
 - investment strategy;
 - tactical investment decision making;
 - investment manager management;
 - investment policies and procedures;
 - investment resource management.

- Head of Pensions Administration:
 - budgeting;
 - expenditure;
 - funding strategy;
 - employer management
 - contribution and benefits management;
 - administration policies and procedures;
 - administration resource management.

Reporting Breaches

Panel members are also subject to the requirements to report breaches of law under the Act and the Code and the whistleblowing provisions set out in the Administering Authority's whistle blowing policy.

Publication of Pension Fund Panel information

In accordance with the Act the Administering Authority shall publish information about the Panel to include:

- a. the names of Panel members and their contact details;
- b. the representation of employers and members on the Panel;
- c. the role of the Panel; and,
- d. the Terms of Reference.

The Administering Authority shall also publish other information about the Panel including:

- a. agendas and minutes;
- b. training and attendance logs; and,
- c. an annual report on the work of the Panel.

Information may be excluded from publication on the grounds that it would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 2018, General Data Protection Regulations.

Investments

The Panel will determine the overall investment strategy in accordance with the Regulations, ensuring that the Fund is invested in suitable types of investments and is sufficiently diversified having regard to its investment objectives. These include:

- a. determining the Investment Strategy Statement;
- b. ensuring adequate monitoring and compliance with the overall investment strategy and the Investment Strategy Statement;
- c. appointing investment managers and any external service providers and advisors felt to be necessary; and,
- d. maintaining effective arrangements for reviewing on a regular basis investment manager performance against established benchmarks and being satisfied as to manager expertise and the quality of their internal systems.

- e. Responsible for ensuring compliance to the pooling requirements - in the case of the Kingston Pension Fund this will be through the LCIV. The requirement to maintain effective arrangements for reviewing on a regular basis LCIV performance against established benchmarks and being satisfied as to LCIV's expertise and the quality of their internal systems.

Data Protection

The Panel will comply with Royal Borough of Kingston's data protection policies and the Data Protection Act 2018, General Data Protection Regulations.

Governance

As part of the good governance of the Scheme, the Panel will work with and send reports to the Board. The Board is not a decision-making body and it will be for the Panel to ensure that the appropriate actions are undertaken as required.

The Panel will ensure that the Fund works with the relevant admitted bodies as required and that a discretions policy is properly maintained and administered.

Communications

The Panel will regularly review whether there are areas where additional or improved information for the purpose of education and communication, would be beneficial to Fund members and/or other stakeholders.